

TelegramRestricted by caption. UNCLASSIFIED TRIPOLI 00000368
R 070724Z MAY 08
FM AMEMBASSY TRIPOLI
TO RUEHC/SECSTATE WASHDC 3405
INFO RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFIUU/DEPT OF ENERGY WASHINGTON DC
RUEHRB/AMEMBASSY RABAT 0616
RUEHAS/AMEMBASSY ALGIERS 0665
RUEHTU/AMEMBASSY TUNIS 0496
RUEHEG/AMEMBASSY CAIRO 1082
RUEHVT/AMEMBASSY VALLETTA 0297
RUEHFR/AMEMBASSY PARIS 0469
RUEHRO/AMEMBASSY ROME 0419
RUEHLO/AMEMBASSY LONDON 0790
RUEHTRO/AMEMBASSY TRIPOLI 3909

UNCLAS TRIPOLI 000368

SENSITIVE

DEPT FOR NEA/MAG; COMMERCE FOR NATE MASON
ENERGY FOR GINA ERIKSON

E.O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [EPET](#) [FR](#) [LY](#)

SUBJECT: LIBYA: TOTAL'S OFFSHORE OIL WELL SHUT DOWN

¶1. (SBU) Summary: A recent drilling accident brought drilling and production operations in an offshore wellfield operated by French oil company TOTAL to a halt. Although there were no injuries or environmental damage, production (the field produces about 45,000 barrels/day) will likely be halted for several months until the wells can be repaired. Even if TOTAL subsequently surges production to recoup its losses, it will take several years to make up the lost production. End Summary.

DRILLING ACCIDENT

¶2. (SBU) In September 2003, French oil giant TOTAL started production in Libya's Al Jurf field, located about 100 kilometers offshore in water averaging 90 meters in depth. The field consists of a platform with ten production wells connected to a floating production storage offloading (FPSO) vessel located roughly 3km from the producing platform. Total operates the block with a 37.5% interest (via its local operating company, Mabruk Oil Operations) and is partnered with German oil company Wintershall (12.5% interest) and Libya's National Oil Corporation (50% interest).

¶3. (SBU) A drilling accident occurred at the field on April 17, during work on a development well for gas injection. According to TOTAL's Health, Safety and Environment (HSE) manager, the drill went off-course and penetrated an adjacent production well at a depth of 650 feet beneath the seabed. Due in part to the safety precautions taken before the commencement of drilling, including the shut-down of all production wells, there was no oil spillage or injuries as a result of the accident. The entire platform was evacuated within 48 hours as an additional safety precaution against a well blowout, and production was suspended indefinitely in all ten wells in the field.

OFFLINE FOR MONTHS...AT GREAT COST

¶4. (SBU) TOTAL's locally-based emergency team was activated to secure the platform, and a specialized ten-member technical team has been flown in from France to assess the damage and recommend a course of repairs. Given the extent of the damage, the early assessment from the team is that the entire field will remain offline for at least two months. That best case scenario involves making repairs from the platform itself, rather than from a relief well, which would have to be drilled alongside the damaged one. If it becomes necessary to drill a relief well, the cost and timeline of needed repairs could expand considerably.

¶5. (SBU) The Al Jurf field is fairly large field, producing an average of 45,000 barrels/day. (Note: For sake of comparison, that is roughly the daily crude oil production of Turkey. End

Note). Loss of production for several months will make a significant dent in TOTAL's bottom line in Libya, and the NOC will likely seek compensation for the shortfall in their projected revenues. TOTAL's HSE manager noted that once production is resumed, it could be surged to 52,000 barrels/day or more to compensate for the loss of production for several months. Even at that rate, the gap would only be closed after a couple of years of uninterrupted production at the higher level.

16. (SBU) Comment: Although TOTAL has ably handled the aftermath, this is a major accident and a blot on its record in Libya. Insurance will likely cover TOTAL for its losses in the short term and the continuing technical investigation may determine that repairs can be completed quickly; however, the tight market for offshore drilling ships could be a factor if it is determined that a relief well must be drilled to complete needed repairs. End comment.

STEVENS